

IC 20-49-7**Chapter 7. Charter School Advancement Account****IC 20-49-7-1****"Account"**

Sec. 1. As used in this chapter, "account" refers to the charter school advancement account established within the common school fund under section 5 of this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-2**"Advance"**

Sec. 2. As used in this chapter, "advance" refers to an advance from the account under this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-3**"Charter school"**

Sec. 3. As used in this chapter, "charter school" refers to a school established under IC 20-24.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-4**"Operational costs"**

Sec. 4. As used in this chapter, "operational costs" means costs other than construction costs incurred by:

(1) a charter school other than a conversion charter school during the second six (6) months of the calendar year in which the charter school begins its initial operation; or

(2) a charter school, including a conversion charter school, during the second six (6) months of a calendar year in which the charter school's most recent enrollment reported under IC 20-24-7-2(a) divided by the charter school's previous year's ADM is at least one and fifteen-hundredths (1.15).

As added by P.L.2-2006, SEC.172.

IC 20-49-7-5**Establishment of account**

Sec. 5. The charter school advancement account is established within the common school fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-6**State board; advances; eligibility**

Sec. 6. The state board shall advance money to charter schools from the account to be used for operational costs.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-7**Application**

Sec. 7. A charter school that desires to obtain an advance must submit an application to the state board on a form prescribed by the state board after the state board consults with the department and the budget agency to determine the amount of the advance.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-8

Priority of advances

Sec. 8. Priority of advances for operational costs must be on a basis determined by the state board after consulting with the department and the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-9

Terms of advance

Sec. 9. The state board, after consulting with the department and upon approval of the budget agency, shall establish the terms of an advance before the date on which the advance is made.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-10

Maximum advance; charter school other than conversion charter school

Sec. 10. The amount of an advance for operational costs may not exceed the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the product of:

(A) the charter school's enrollment reported under IC 20-24-7-2(a); multiplied by

(B) the charter school's target revenue per ADM.

STEP TWO: Determine the quotient of:

(A) the STEP ONE amount; divided by

(B) two (2).

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) one and fifteen-hundredths (1.15).

As added by P.L.2-2006, SEC.172.

IC 20-49-7-11

Maximum advance; conversion charter school

Sec. 11. The amount of an advance for operational costs may not exceed the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the quotient of:

(A) the charter school's target revenue per ADM; divided by

(B) two (2).

STEP TWO: Determine the difference between:

(A) the charter school's current ADM; minus

(B) the charter school's ADM of the previous year.

STEP THREE: Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

STEP FOUR: Determine the product of:

- (A) the STEP THREE amount; multiplied by
- (B) one and fifteen-hundredths (1.15).

As added by P.L.2-2006, SEC.172.

IC 20-49-7-12

Advance; maximum term

Sec. 12. Money advanced to a charter school under this chapter may be advanced for a period not to exceed twenty (20) years.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-13

Interest; prepayment of advances

Sec. 13. A charter school to which money is advanced under this chapter must pay interest on the advance at the rate determined under section 14 of this chapter. The state board shall provide that the advances are prepayable by the:

- (1) charter school; or
- (2) general assembly;

at any time.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-14

Interest; establishment of rate

Sec. 14. The state board of finance shall establish periodically the rate of interest payable on advances under this chapter. An interest rate established under this section may not:

- (1) be less than one percent (1%); or
- (2) exceed four percent (4%).

As added by P.L.2-2006, SEC.172.

IC 20-49-7-15

Repayment; offset against state distributions

Sec. 15. To ensure timely payment of an advance according to the terms of the advance, the state may withhold from funds due to the charter school to which the advance is made an amount necessary to pay the advance and the interest on the advance.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-16

Prepayment of advance by general assembly

Sec. 16. (a) This section applies if the general assembly prepays an advance under section 13 of this chapter.

(b) A prepayment must be deducted from the amount appropriated for distributions of state tuition support.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-17

Required term of agreement; authority to withhold state funds

Sec. 17. The terms of an advance must include a provision allowing the state to withhold funds due to a charter school to which an advance is made until the advance, including interest accrued on the advance, is paid.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-18

Offset priority; state tuition support; other state distributions

Sec. 18. If the state withholds funds under this chapter, the state first shall withhold funds from the distribution of state tuition support to the charter school to which the advance is made. If the state tuition support distribution is unavailable or inadequate, the state may withhold funds from any other distribution of state funds to the charter school.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-19

Statutory construction; advance not debt of charter school

Sec. 19. An advance under this chapter to a charter school is not an obligation of the charter school within the meaning of a constitutional limitation on or prohibition against indebtedness. This chapter does not relieve the organizer of the charter school of the duty to qualify the charter school for state tuition support.

As added by P.L.2-2006, SEC.172.

IC 20-49-7-20

Statutory construction; advance not debt of state

Sec. 20. An agreement with the state board to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of the limitation against state indebtedness under the Constitution of the State of Indiana.

As added by P.L.2-2006, SEC.172.